

STATE OF CALIFORNIA



MEMO

To : EXECUTIVE COMMITTEE  
RAMON ALVAREZ, C., PRESIDENT  
KATHRYN DOI, VICE PRESIDENT

Date: July 20, 2018

From : TIMOTHY M. CORCORAN  
DANIELLE R. PHOMSOPHA

Subject: DISCUSSION CONCERNING PENDING LEGISLATION

The following provides a summary of pending State legislation that is of interest to the New Motor Vehicle Board ("Board"). The criteria for reporting on "legislation of general interest" is that the bill impacts the Vehicle Code, the Board, and/or the automotive industry in general and does not directly impact the Board or its enabling statute. For purposes of this report "legislation of special interest" is that which directly affects the Board's laws or functions.

Bill summaries include a brief overview of the bill as provided by the Legislative Counsel's Digest or the Congressional Research Service, if available, as well as the current status of the bill.<sup>1</sup>

a. Pending Legislation of Special Interest:

(1) **Assembly Bill 2107 - Assembly Member Reyes** (Introduced February 8, 2018)

**Status:** Re-referred to Senate Appropriations Committee

**Support:** California New Car Dealers Association, California Conference of Machinists

**Opposition:** Alliance of Automobile Manufacturers, Civil Justice Association of California, Global Automakers

**Legislative Counsel's Digest:** New Motor Vehicle Board

Existing law establishes the New Motor Vehicle Board in the Department of Motor Vehicles, and requires the board to hear and decide certain protests presented by a motor vehicle franchisee in regard to a dispute with the vehicle manufacturer. Existing law, until January 1, 2019, authorizes the board to hear protests by an association challenging the legality of an export or sale-for-resale prohibition policy of a manufacturer, manufacturer branch, distributor, or distributor branch and establishes procedures for hearing those protests, as specified.

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<sup>1</sup> All statutory references are to the Vehicle Code, unless otherwise indicated.

This bill would extend the operation of the provisions authorizing the board to hear these protests and establishing the hearing procedures indefinitely.

Existing law requires the board to hear an appeal filed by a new motor vehicle dealer, manufacturer, manufacturer branch, distributor, or distributor branch licensee or applicant of a decision by the department.

This bill would remove this requirement for the board to hear those appeals.

Existing law authorizes the board, under specified circumstances, to mediate, arbitrate, or otherwise resolve certain disputes between a member of the public and a new motor vehicle dealer, manufacturer, manufacturer branch, distributor, distributor branch, or representative.

This bill would authorize the board to hear those disputes if they are brought by the member of the public.

Existing law requires a franchisor to fairly compensate for labor and parts used to fulfill warranty obligations.

This bill would instead require a franchisor to reimburse a franchisee according to a retail labor rate and retail parts rate established by each franchisee. The bill would prescribe the method by which a franchisee may establish or alter those reimbursement rates and would require the board to resolve any disputes regarding the calculation of those rates. The bill would prohibit specified actions by a franchisor related to the establishment of those reimbursement rates.

Existing law prohibits a licensed manufacturer, manufacturer branch, distributor, distributor branch, or affiliate from engaging in specified proscribed business practices. A violation of these provisions is a misdemeanor.

This bill would prohibit additional acts, including making it unlawful for these entities to restrict dealers from selecting certain vendors of their choice, as specified. Because a violation of these new provisions would be punishable as a crime, the bill would impose a state-mandated local program.

The bill includes legislative findings and declarations and would make other conforming changes.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

b. Pending Legislation of General Interest:

**(1) Assembly Bill 2224 - Assembly Member Mullin** (Introduced February 12, 2018)

**Status:** In committee: held under submission (did not pass out of house of origin by deadline)

**Support:** Commuter Cars Corporation

**Opposition:** None on file

**Legislative Counsel's Digest:** Vehicles: narrow track vehicles

Under existing law, upon application for an original driver's license, except student licenses, the Department of Motor Vehicles shall require an examination of the applicant. Existing law requires an applicant for a driver's license to submit to an examination appropriate to the type of motor vehicle or combination of vehicles the applicant desires a license to drive.

This bill would include narrow track vehicles in the list of class C vehicles subject to the licensing provisions described above. The bill would define a narrow track vehicle as a fully enclosed motor vehicle with 3 or 4 wheels that does not exceed 40 inches in width, and that conforms with all applicable federal motor vehicle safety standards, as specified. The bill would also define a short narrow track vehicle as a narrow track vehicle that does not exceed 102 inches in length.

Existing law authorizes the Department of Transportation and local authorities to designate certain highway lanes for the exclusive or preferential use of high-occupancy vehicles (HOVs), requires the department or local authorities to place signage advising motorists of the rules governing the use of those lanes, and prohibits the use of those lanes by motorists other than in conformity with the posted rules. Existing law provides a limited exemption allowing specified vehicles, including blood transport vehicles and motorcycles, to use HOV lanes. Existing law places specified conditions on the authority of a blood transport vehicle to use these exclusive or preferential lanes.

This bill would place the same conditions on the authority of a narrow track vehicle's use of these exclusive or preferential lanes as those applied to blood transport vehicles. The bill would include narrow track vehicles in the HOV lane exemption described above only until January 1, 2027.

Existing law authorizes the Department of the California Highway Patrol to develop educational guidelines relating to lane splitting in a manner that would ensure the safety of the motorcyclist, drivers, and passengers, as specified. Existing law defines "lane splitting" for these purposes as driving a motorcycle that has 2 wheels in contact with the ground between rows of stopped or moving vehicles in the same lane, as specified.

This bill would revise the definition of lane splitting and expand the provisions described above to include narrow track vehicles.

This bill would authorize a local authority that regulates motorcycle parking to regulate parking for short narrow track vehicles, as defined, in the same manner, as specified. The

bill would also make technical, nonsubstantive changes.

c. Pending Federal Legislation of General Interest:

None.

This matter is for information only at the August 13, 2018, General Meeting. If you have any questions or require additional information, please contact me at (916) 324-6197 or Danielle at (916) 327-3129.